

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-123

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 3/30/2016 Filing Description: Amendments to CME Rules 8G930.C. ("Acceptable Performance Bond Deposits for IRS Products") and 8H930.C. ("Acceptable Performance Bond Deposits for CDS Products")

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: 8G930.C. and 8H930.C.

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name:

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

March 30, 2016

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: CFTC Regulation 40.6(a) Certification. Amendments to CME Rules 8G930.C.  
("Acceptable Performance Bond Deposits for IRS Products") and 8H930.C.  
("Acceptable Performance Bond Deposits for CDS Products").  
CME Submission No. 16-123**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to CME Rules 8G930.C. ("Acceptable Performance Bond Deposits for IRS Products") and 8H930.C. ("Acceptable Performance Bond Deposits for CDS Products"), effective on Thursday, April 14, 2016.

At present, CME Rule 981 ("Anti-Money Laundering and Economic Sanctions Compliance") requires Clearing Members to develop a compliance program to monitor Clearing Members' compliance with the applicable requirements of the Bank Secrecy Act (31 U.S.C. § 5311, *et seq.*). In order to enhance compliance with applicable economic sanction regulations, CME is amending Rules 8G930.C. and 8H930.C. to prohibit Interest Rate Swap ("IRS") and Credit Default Swap ("CDS") Clearing Members, respectively, either from using any collateral or from the use of any collateral as defined in CME Rule 543. ("Restrictions on Access for Sanctioned Parties and Jurisdictions"). The amendments are designed to address recent sanctions issued by the Office of Foreign Assets Control ("OFAC") which included sectoral sanctions against dealing in, and providing certain equity and debt financings for, certain non-U.S. financial institutions. The amendments are intended to make the IRS and CDS clearing rules consistent with recent amendments to Rule 930.C. ("Acceptable Performance Bond Deposits") for all other CME Group Exchange products which became effective on February 29, 2016. The amendments to Rule 8G930.C. are set forth in Exhibit A with additions underscored. The amendments to Rule 8H390.C. are set forth in Exhibit B, with additions underscored.

CME reviewed the derivatives clearing organization core principles ("DCO Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the rule amendments may have some bearing on the following principles:

- DCO Core Principle A – Compliance with Core Principles: The rule amendments will better permit the DCO and FCM clearing members to comply with rules and regulations.
- DCO Core Principle C – Participant and Product Eligibility: The rule amendments specify the rules and responsibilities of Clearing Members.
- DCO Core Principle L – Public Information: The rule amendments will continue to be posted publicly on the CME website in satisfaction of this core principle. In addition, CME will release a notice to the marketplace regarding this proposal in advance of the effective date.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME certifies that the rule amendments comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

CME certifies that this submission has been concurrently posted on CME's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact me at 212.299.2200 or via email at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: Amendments to CME Rule 8G930.C. (blackline format)  
Exhibit B: Amendments to CME Rule 8H930.C. (blackline format)

## **EXHIBIT A**

### **CME RULEBOOK Chapter 8-G Interest Rate Derivative Clearing**

(additions are underscored)

#### **8G930.C. Acceptable Performance Bond Deposits for IRS Products**

IRS Clearing Members may accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3- 1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit, and "London Good Delivery" gold, as defined by the London Bullion Market Association.

IRS Clearing Members shall not accept as performance bond from an account holder securities that have been issued by the account holder or an affiliate of the account holder unless the IRS Clearing Member files a petition with and receives permission from Clearing House staff.

Unless permitted (either not restricted or specifically authorized) by OFAC and/or any Sanctioning Body, as applicable, IRS Clearing Members may not accept from their account holders as performance bond any debt or equity issued by Sanctioned Parties as defined in Rule 543, assets in which Sanctioned Parties have an interest, or any other assets that are or would be subject to blocking restrictions or sectoral sanction restrictions imposed by the U.S. Department of Treasury's Office of Foreign Assets Control or are subject to similar restrictions imposed by another Sanctioning Body.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. IRS Clearing Members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an Affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1.

## **EXHIBIT B**

### **CME RULEBOOK Chapter 8-H Credit Default Swaps Clearing**

(additions are underscored)

#### **8H930.C. Acceptable Performance Bond Deposits for CDS Products**

CDS Clearing Members may, without limitation upon other assets accepted by any such CDS Clearing Member, accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit and "London Good Delivery" gold, as defined by the London Bullion Market Association.

CDS Clearing Members shall not accept as performance bond from an account holder securities that have been issued by the account holder or an affiliate of the account holder unless the CDS Clearing Member files a petition with and receives permission from Clearing House staff.

Unless permitted (either not restricted or specifically authorized) by OFAC and/or any Sanctioning Body, as applicable, CDS Clearing Members may not accept from their account holders as performance bond any debt or equity issued by Sanctioned Parties as defined in Rule 543, assets in which Sanctioned Parties have an interest, or any other assets that are or would be subject to blocking restrictions or sectoral sanction restrictions imposed by the U.S. Department of Treasury's Office of Foreign Assets Control or are subject to similar restrictions imposed by another Sanctioning Body.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. CDS Clearing Members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an Affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1.

The Clearing House will conduct regular reviews of its then-current haircut schedules and make any necessary adjustments.